

MAINE STATE LEGISLATURE

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DMG
R. 11.1

L.D. 1520

Date: 2/26/14

(Filing No. H-630)

Minority

VETERANS AND LEGAL AFFAIRS

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STATE OF MAINE
HOUSE OF REPRESENTATIVES
126TH LEGISLATURE
SECOND REGULAR SESSION

COMMITTEE AMENDMENT "A" to H.P. 1091, L.D. 1520, Bill, "An Act To Allow the Passamaquoddy Tribe To Operate Slot Machines in Washington County in Conjunction with High-stakes Beano"

Amend the bill by striking out the title and substituting the following:

'An Act To Allow the Passamaquoddy Tribe To Operate a Casino in Washington County in Conjunction with High-stakes Beano'

Amend the bill by striking out all of section 1 and inserting the following:

'Sec. 1. 8 MRSA §1011, sub-§2-C is enacted to read:

2-C. Passamaquoddy Tribe eligible for license to operate a casino.
Notwithstanding subsection 2-B, the board may accept an application from the Passamaquoddy Tribe for a license to operate a casino at a gaming facility in Washington County at which high-stakes beano is conducted by the Passamaquoddy Tribe.

Sec. 2. 8 MRSA §1018, sub-§1-A, as enacted by PL 2011, c. 699, §2, is amended to read:

1-A. Fees for slot machine and casino operator licenses on or after September 1, 2012. Notwithstanding subsection 1, paragraphs C and C-1, beginning September 1, 2012, an applicant for a slot machine operator license or a casino operator license must pay a \$250,000 nonrefundable privilege fee to be submitted with the application for the license and a minimum license fee, or cash bid if the license is part of a competitive bidding process established by law, of \$5,000,000. This subsection does not apply to a casino licensed for operation in the State as of September 1, 2012. **This subsection does not apply to a casino licensed for operation by the Passamaquoddy Tribe under section 1011, subsection 2-C.'**

Amend the bill in section 2 in subsection 7 in the 3rd line from the end (page 1, line 17 in L.D.) by striking out the following: "slot machines" and inserting the following: 'a casino'

COMMITTEE AMENDMENT

1 Amend the bill in section 2 in subsection 7 in the last 2 lines (page 1, lines 18 and 19
2 in L.D.) by striking out the following: "those slot machines" and inserting the following:
3 'a casino'

4 Amend the bill in section 5 by striking out all of subsection 1 and inserting the
5 following:

6 '**1. Distribution for administrative expenses of board.** A slot machine operator
7 licensed under section 1011, subsection 2 ~~or~~, a casino operator licensed under section
8 1011, subsection 2-C or a casino operator that is a commercial track that was licensed to
9 operate slot machines under section 1011, subsection 2 on January 1, 2011 shall collect
10 and distribute 1% of gross slot machine income to the Treasurer of State for deposit in the
11 General Fund for the administrative expenses of the board. '

12 Amend the bill by striking out all of sections 6, 7 and 8 and inserting the following:

13 '**Sec. 6. 8 MRSA §1036, sub-§2,** as amended by PL 2013, c. 118, §1, is further
14 amended to read:

15 **2. Distribution of net slot machine income from casino with commercial track**
16 **and from casino operated in conjunction with beano.** A slot machine operator
17 licensed under section 1011, subsection 2 ~~or~~, a casino operator licensed under section
18 1011, subsection 2-C or a casino operator that is a commercial track that was licensed to
19 operate slot machines under section 1011, subsection 2 on January 1, 2011 shall collect
20 and distribute 39% of the net slot machine income from slot machines operated by the
21 slot machine operator or casino operator to the board for distribution by the board as
22 follows:

23 A. Three percent of the net slot machine income must be deposited to the General
24 Fund for administrative expenses of the board in accordance with rules adopted by
25 the board, except that of the amount calculated pursuant to this paragraph, the
26 following amounts must be transferred annually to the Gambling Addiction
27 Prevention and Treatment Fund established by Title 5, section 20006-B:

28 (1) For the fiscal year beginning July 1, 2011, \$50,000;

29 (2) For the fiscal year beginning July 1, 2012, \$50,000; and

30 (3) For the fiscal year beginning July 1, 2013 and for each fiscal year thereafter,
31 \$100,000;

32 B. Ten percent of the net slot machine income must be forwarded by the board to the
33 Treasurer of State, who shall credit the money to the fund established in section 298
34 to supplement harness racing purses;

35 C. Three percent of the net slot machine income must be credited by the board to the
36 Sire Stakes Fund created in section 281;

37 D. Three percent of the net slot machine income must be forwarded by the board to
38 the Treasurer of State, who shall credit the money to the Agricultural Fair Support
39 Fund established in Title 7, section 91;

40 E. Ten percent of the net slot machine income must be forwarded by the board to the
41 State Controller and except as otherwise provided in this paragraph credited to the



1 Fund for a Healthy Maine established by Title 22, section 1511 and segregated into a
2 separate account under Title 22, section 1511, subsection 11, with the use of funds in
3 the account restricted to the purposes described in Title 22, section 1511, subsection
4 6, paragraph E. For the fiscal years ending June 30, 2010, June 30, 2011 and June 30,
5 2012, the amount credited annually by the State Controller to the Fund for a Healthy
6 Maine under this paragraph may not exceed \$4,500,000 annually and any funds in
7 excess of \$4,500,000 annually during these fiscal years must be credited as General
8 Fund undedicated revenue, and, for the fiscal year ending June 30, 2013, the amount
9 credited by the State Controller to the Fund for a Healthy Maine under this paragraph
10 is \$0;

11 F. Two percent of the net slot machine income must be forwarded by the board to the
12 University of Maine System Scholarship Fund created in Title 20-A, section 10909
13 and to the Board of Trustees of the Maine Maritime Academy to be applied by the
14 board of trustees to fund its scholarship program. The slot machine income under
15 this paragraph must be distributed as follows:

16 (1) The University of Maine System share is the total amount of the distribution
17 multiplied by the ratio of enrolled students in the system to the total number of
18 enrolled students both in the system and at the Maine Maritime Academy; and

19 (2) The Maine Maritime Academy share is the total amount of the distribution
20 multiplied by the ratio of enrolled students at the academy to the total number of
21 enrolled students both in the system and at the academy;

22 G. One percent of the net slot machine income must be forwarded by the board to the
23 board of trustees of the Maine Community College System to be applied by the board
24 of trustees to fund its scholarships program under Title 20-A, section 12716,
25 subsection 1;

26 H. Four percent of the net slot machine income must be forwarded by the board to
27 the Treasurer of State, who shall credit the money to the Fund to Encourage Racing at
28 Maine's Commercial Tracks, established in section 299; however, the payment
29 required by this paragraph is terminated when all commercial tracks have obtained a
30 license to operate slot machines in accordance with this chapter, in which case, that
31 4% of the net slot machine income must be credited to the General Fund as
32 undedicated revenue;

33 I. Two percent of the net slot machine income must be forwarded by the board to the
34 Treasurer of State, who shall credit the money to the Fund to Stabilize Off-track
35 Betting Facilities established by section 300, as long as a facility has conducted off-
36 track wagering operations for a minimum of 250 days during the preceding 12-month
37 period in which the first payment to the fund is required. After 48 months of
38 receiving an allocation of the net slot machine income from a licensed operator, the
39 percent of net slot machine income forwarded to the Fund to Stabilize Off-track
40 Betting Facilities is reduced to 1% with the remaining 1% to be forwarded to the
41 State in accordance with subsection 1; and

42 J. One percent of the net slot machine income must be forwarded directly to the
43 municipality in which the slot machines are located.

1 **Sec. 7. 8 MRSA §1036, sub-§2-A**, as amended by PL 2013, c. 118, §2, is further
2 amended to read:

3 **2-A. Distribution from casino of slot machine income.** A casino operator shall
4 collect and distribute 46% of the net slot machine income from slot machines operated by
5 the casino operator to the board for distribution by the board as follows:

6 A. Twenty-five percent of the net slot machine income must be forwarded directly
7 by the board to the Treasurer of State, who shall credit the money to the Department
8 of Education, to be used to supplement and not to supplant funding for essential
9 programs and services for kindergarten to grade 12 under Title 20-A, chapter 606-B;

10 B. Four percent of the net slot machine income must be forwarded by the board to
11 the University of Maine System Scholarship Fund created in Title 20-A, section
12 10909 and to the Board of Trustees of the Maine Maritime Academy to be applied by
13 the board of trustees to fund its scholarship program. The slot machine income under
14 this paragraph must be distributed as follows:

15 (1) The University of Maine System share is the total amount of the distribution
16 multiplied by the ratio of enrolled students in the system to the total number of
17 enrolled students both in the system and at the Maine Maritime Academy; and

18 (2) The Maine Maritime Academy share is the total amount of the distribution
19 multiplied by the ratio of enrolled students at the academy to the total number of
20 enrolled students both in the system and at the academy;

21 C. Three percent of the net slot machine income must be forwarded by the board to
22 the Board of Trustees of the Maine Community College System to be applied by the
23 board of trustees to fund its scholarships program under Title 20-A, section 12716,
24 subsection 1;

25 D. Four percent of the net slot machine income must be forwarded by the board to
26 the Treasurer of State, who shall distribute the funds to the tribal governments of the
27 Penobscot Nation and the Passamaquoddy Tribe;

28 E. Three percent of the net slot machine income must be deposited to the General
29 Fund for administrative expenses of the board, including gambling addiction
30 counseling services, in accordance with rules adopted by the board;

31 F. Two percent of the net slot machine income must be forwarded directly to the
32 municipality in which the casino is located;

33 G. One percent of the net slot machine income must be forwarded by the board to the
34 Treasurer of State, who shall credit the money to the Agricultural Fair Support Fund
35 established in Title 7, section 91;

36 H. One percent of the net slot machine income must be forwarded by the board to the
37 Treasurer of State, who shall credit the money to the fund established in section 298
38 to supplement harness racing purses;

39 I. One percent of the net slot machine income must be credited by the board to the
40 Sire Stakes Fund created in section 281;

1 J. One percent of the net slot machine income must be forwarded directly to the
2 county in which the casino is located to pay for mitigation of costs resulting from
3 gaming operations;

4 L. Beginning July 1, 2013, 1/2 of 1% of the net slot machine income must be
5 forwarded by the board to the Treasurer of State, who shall credit the money to the
6 Maine Milk Pool, Other Special Revenue Funds account within the Department of
7 Agriculture, Conservation and Forestry to help fund dairy farm stabilization pursuant
8 to Title 7, sections 3153-B and 3153-D; and

9 M. Beginning July 1, 2013, 1/2 of 1% of the net slot machine income must be
10 forwarded by the board to the Treasurer of State, who shall credit the money to the
11 Dairy Improvement Fund established under Title 10, section 1023-P.

12 If a recipient of net slot machine income in paragraph D, H or I owns or receives funds
13 from a slot machine facility or casino, other than the casino in Oxford County, a casino
14 operated by the Passamaquoddy Tribe or the slot machine facility in Bangor, then the
15 recipient may not receive funds under this subsection, and those funds must be retained
16 by the Oxford County casino operator, except that if a casino operator license is issued to
17 the Passamaquoddy Tribe, the distribution of slot machine income under paragraph D due
18 to the Passamaquoddy Tribe must be deposited in the Coordinated Veterans Assistance
19 Fund established in Title 37-B, section 514.

20 **Sec. 8. 8 MRSA §1036, sub-§2-C**, as amended by PL 2013, c. 128, §1, is further
21 amended to read:

22 **2-C. Distribution of table game income from casino with a commercial track or**
23 **from casino operated by Passamaquoddy Tribe.** A casino operator that is a
24 commercial track and was licensed to operate slot machines on January 1, 2011 or a
25 casino operator licensed under section 1011, subsection 2-C shall collect and distribute
26 16% of the net table game income from table games operated by the casino operator to
27 the board for distribution by the board as follows:

28 A. Nine percent of the net table game income must be deposited to the General Fund
29 for administrative expenses of the board, including gambling addiction counseling
30 services, in accordance with rules adopted by the board;

31 B. Three percent of the net table game income must be deposited to the Gambling
32 Control Board administrative expenses Other Special Revenue Funds account, which
33 is a nonlapsing dedicated account;

34 C. Two percent of the net table game income must be forwarded directly to the
35 municipality in which the table games are located; and

36 D. Two percent of net table game income must be deposited into the Coordinated
37 Veterans Assistance Fund established in Title 37-B, section 514.

38 **Sec. 9. 17 MRSA §314-A, sub-§3**, as repealed and replaced by PL 1991, c. 426,
39 §4, is repealed.

40 **Sec. 10. 17 MRSA §314-A, sub-§3-A**, as enacted by PL 2003, c. 452, Pt. I, §5
41 and affected by Pt. X, §2, is repealed.

1 **Sec. 11. 17 MRSA §314-A, sub-§3-B,** as enacted by PL 2011, c. 410, §1, is
2 repealed.'

3 Amend the bill in section 9 in the question in the first line (page 5, line 10 in L.D.) by
4 striking out the following: "slot machines" and inserting the following: 'a casino'

5 Amend the bill by relettering or renumbering any nonconsecutive Part letter or
6 section number to read consecutively.

7 **SUMMARY**

8 This amendment, which is the minority report of the committee, authorizes the
9 Passamaquoddy Tribe to be licensed to operate a casino in Washington County at a
10 gaming facility where high-stakes beano operations have been authorized, unlike the bill,
11 which authorized only a slot machine facility. Current law provides that if a recipient of
12 slot machine revenue from the casino in Oxford is authorized to conduct its own slot
13 machine facility or casino, any slot machine revenue distribution reverts back to the
14 Oxford Casino. The amendment provides that distributions lost to the Passamaquoddy
15 Tribe due to authorization to operate a casino would instead be deposited to the
16 Coordinated Veterans Assistance Fund. The bill provides that slot machine revenue
17 distributions from a casino operated by the Passamaquoddy Tribe are the same as
18 distributions from the casino in Bangor. The amendment provides that distributions of
19 table game revenues from a Passamaquoddy casino also mirror the distributions from the
20 casino in Bangor. Finally, the amendment removes any restrictions on the dates on which
21 federally recognized Indian tribes in the State authorized to conduct high-stakes beano
22 may operate high-stakes beano games.

FISCAL NOTE REQUIRED
(See attached)



126th MAINE LEGISLATURE

LD 1520

LR 1211(02)

An Act To Allow the Passamaquoddy Tribe To Operate Slot Machines in Washington County in Conjunction with High-stakes Beano

Fiscal Note for Bill as Amended by Committee Amendment *A (H-630)*

Committee: Veterans and Legal Affairs

Fiscal Note Required: Yes

Fiscal Note

- Contingent future biennium cost increase - General Fund
- Contingent future biennium cost increase - Other Special Revenue Funds
- Contingent current biennium revenue increase - General Fund
- Contingent current biennium revenue increase - Other Special Revenue Funds

Fiscal Detail and Notes

This legislation allows the Gambling Control Board to accept an application for a casino operator license from the Passamaquoddy Tribe. Issuance of a license is contingent upon approval by means of a referendum of the voters of Washington County. The tax structure for this facility would be consistent with Hollywood Casino at 1% of gross slot income, 39% of net slot income and 16% of net table game income.

Presented below is an estimate of the potential revenues that may be generated from the new facility and the subsequent distribution of those revenues. This fiscal note assumes a total of 500 slot machines and 10 table games, generating annual revenue of \$3,048,491 for the State's General Fund and \$7,226,015 for various other funds. The Gambling Control Board, Other Special Revenue Funds account would also receive license fees of \$688,000 in the first year and \$285,000 for license renewals in subsequent years. Annual state costs associated with 5 inspectors, an auditor and other related expenses are estimated to be \$481,478.

This legislation could have a significant impact on revenues generated by the Hollywood and Oxford Casinos. An assessment of the impact has not been done at this time.

	Annual Estimate
Summary of Casino Revenue	
Gross Slot Income (total value of money, tokens, credits, other value used to play a slot machine)	\$200,750,000
Player Payback - Slot Income	\$180,072,750
Net Slot Income	\$18,669,750
Share of Net Income for Distribution - 39%	\$7,281,203
Operator Share of Net Income - 61%	\$11,388,548
 Net Table Game Income	 \$4,380,000

C'A(H-630)

Share of Net Table Game Income for Distribution - 16%	\$700,800
Operator Share of Net Table Game Income - 84%	\$3,679,200

	Annual
State Revenues by Fund	Estimate
General Fund - 1% of gross slot income	\$2,007,500
General Fund - Net Slot Machines and Table Games Revenue	<u>\$1,040,991</u>
Total General Fund Revenue	\$3,048,491

Gambling Control Board - Table Games	\$131,400
Gambling Control Board - License Fees (\$688,000 the 1st year)	<u>\$285,000</u>
Subtotal	\$416,400
Fund for Healthy Maine	\$1,866,975
University of Maine Scholarship Fund	\$373,395
Maine Community College System - Scholarship Fund	\$186,698
Purse Supplements	\$1,866,975
Sire Stakes Fund	\$560,093
Fund to Encourage Racing at Commercial Tracks	\$746,790
Fund to Stabilize Off-Track Betting	\$186,698
Agricultural Fair Support Fund	\$560,093
Gambling Addiction Prevention and Treatment Fund	\$100,000
Coordinated Veterans Assistance Fund ¹	\$1,497,070
Municipalities	\$274,298
Passamaquoddy Indian Tribes (Oxford Casino distribution) ¹	<u>(\$1,409,470)</u>
Total Other Special Revenue Funds Revenue	<u>\$7,226,015</u>

Total Revenue All Funds	<u>\$10,274,506</u>
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Summary of Expenditure Impacts to the State	
General Fund	
- Public Safety	\$65,078
Other Special Revenue Funds	
- Public Safety	<u>\$416,400</u>
Total Expenditures	<u>\$481,478</u>

¹ Under this legislation, amounts distributed from the Oxford Casino to the Passamaquoddy Tribe (\$1,409,470) would be distributed to the Coordinated Veterans Assistance Fund